

# Volume IV, Section 1 – Direct Loan Phase-In Participant Implementation Guide

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## Overview

This section provides assistance to Direct Loan Schools, Third Party Servicers, and Software Providers with implementing the COD system changes for Phase-In Participants for the 2003–2004 award year. It describes 2003–2004 Direct Loan modifications and serves as a companion to the record layouts and edits contained in Volume IV, Section 3, Direct Loan Phase-In Participant Fixed-Length Record Layouts, and Volume IV, Section 4 Direct Loan Phase-In Participant Edits.

A summary of the 2003–2004 Direct Loan modifications is provided in 2003–2004 Modifications at a Glance.

To help you understand the new guidelines, the modifications are classified into the following functional areas:

- EDEXpress Users – Full Participants in 2003-2004
- Loan Origination and Change Records
- Generating Disclosure Statements

- Credit Decision Override Acknowledgements
- Master Promissory Notes
- Reports
- Data Recovery
- Entrance/Exit Counseling
- Direct Loan Closeout
- Requesting Direct Loan Batches
- COD Website – Concurrent Award Year

If you have questions regarding the material in this section, please call the COD School Relations Center between the hours of 9 a.m. and 5 p.m. (ET) at:

- 1-800-848-0978

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## 2003–2004 Modifications for Phase-In Participants at a Glance

This matrix serves as a quick reference for 2003–2004 changes.

<b>2003–2004 Modifications</b>	<b>Redefined Process/ Procedure</b>	<b>New Edit</b>	<b>Redesigned Record Layout</b>	<b>New or Redefined Field(s)</b>	<b>New or Redefined Reject (Warning) Codes</b>	<b>Redesigned Report</b>
EDEXpress Users – Full Participants in 2003-2004	<b>X</b>					
Pass the MPN Status for PLUS loans from NSLDS to CPS	<b>X</b>					
Modify the Full Loan Origination Record and Change Record			<b>X</b>	<b>X</b>		
Modify the Full Loan Origination Acknowledgement for PLUS loans			<b>X</b>	<b>X</b>		
Generating Disclosure Statements	<b>X</b>					
Modify the Credit Decision Override Acknowledgment			<b>X</b>	<b>X</b>		
Modify the PLUS Promissory Note Acknowledgement to the MPN Acknowledgement			<b>X</b>	<b>X</b>		
Processing MPNs for all loan types	<b>X</b>					
MPN Features to include PLUS loans	<b>X</b>					
Printing/Reprinting an MPN for PLUS loans						
Linking an MPN	<b>X</b>					

<b>2003–2004 Modifications</b>	<b>Redefined Process/ Procedure</b>	<b>New Edit</b>	<b>Redesigned Record Layout</b>	<b>New or Redefined Field(s)</b>	<b>New or Redefined Reject (Warning) Codes</b>	<b>Redesigned Report</b>
Calculating the MPN Expiration Date	<b>X</b>					
Closing MPNs	<b>X</b>					
Modify DLSAS, 30 Day Warning, Pending and Funded Disbursement Reports.						<b>X</b>
Requesting the Direct Loan Rebuild file						<b>X</b>
Providing of Entrance Counseling Results	<b>X</b>					
Providing of Exit Counseling Results	<b>X</b>					
Requesting Direct Loan batches to be resent from COD	<b>X</b>					
Displaying Concurrent Award Year data on COD website	<b>X</b>					

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# EDEExpress Users – Full Participants in 2003-2004

## XML version of EDEExpress for 2003-2004

**2003–2004 Modification:** EDEExpress v9.1 users need to register as Full Participants if using EDEExpress in 2003-2004. The 2003-2004 EDEExpress v9.1 communicates to COD using the Common Record in XML for Pell and Direct Loan awards. The Internal Import and Export files for EDEExpress Combination System users continue to be offered in fixed-length format and not XML.

### ***Business Rules:***

- 1) For 2003-2004, EDEExpress exports and imports the Common Record in XML to and from COD for Pell and Direct Loan awards.
- 2) The EDEExpress Internal Import and Export files used by EDEExpress and Combination Systems continue to be offered in fixed-length format and not XML for 2003-2004.

**Note:** When using the 2003-2004 COD Technical Reference, EDEExpress v9.1 users need to reference Volume II – Common Record Full Participant Technical Reference including Section 1- Full Participant Implementation Guide. *EDEExpress v9.1 no longer uses the sections in Volume IV- Direct Loan Phase-In Participants or the Implementation Guide for Phase-In Participants.*

- 3) EDEExpress v9.1 users must register as Full Participants for 2003-2004.
- 4) All schools that intend to transmit records to COD in the XML Common Record format must register with COD Customer Service as Full Participants prior to transmitting records for the 2003-2004 award year. Details for how to register as a Full Participant are outlined in Volume II, Section 1 – Full Participant Implementation Guide.

## **MPN Status for PLUS loans passed from NSLDS to CPS**

**2003–2004 Modifications:** NSLDS passes the MPN status to CPS, which is displayed on the ISIR, received by the school.

Currently, NSLDS only passes the subsidized/unsubsidized MPN status to CPS, which is displayed on the ISIR, received by the school.

**Starting in 2003–2004,** NSLDS passes the MPN Status for all Direct Loans types (subsidized, unsubsidized and PLUS) to CPS to display on the ISIR.

### ***Business Rules:***

- 1) COD passes the MPN Status for all loan types to Direct Loan Servicing who in turn passes the status to NSLDS who then passes it to CPS.
- 2) The MPN Status is printed on the ISIR for all loan types:
  - A = Active MPN on file at COD
  - C = All active MPNs at COD are Closed
  - I = Inactive MPN on file at COD
  - N = No MPN on file at COD
- 3) When a PLUS Loan with an Endorser is linked to an MPN, an MPN status of 'I' (Inactive) viewable at NSLDS and is displayed on the ISIR.
- 4) When a student is associated with multiple PLUS borrowers, the PLUS MPN Status on the ISIR is the most recent MPN Status received by CPS. In this scenario, a school can go to the NSLDS website that displays the PLUS MPN of each borrower for a student Loan Origination and Change Records

## Modifications to the Full Loan Origination Record and Change Record

**2003–2004 Modifications:** The Full Loan Origination Record and Change Record are modified to accommodate the MPN for all loan types.

Currently, the Full Loan Origination Record and Change Record only accommodate the MPN for subsidized and unsubsidized loans.

**Starting in 2003–2004,** the Full Loan Origination Record and Change Record are modified to accommodate the MPN for PLUS subsidized and unsubsidized loans.

### ***Business Rules:***

- 1) The Loan Amount Requested field in the 2003–2004 Full Loan Origination Record is replaced with filler.
  - a) The new filler field is Field #133 with the starting position of 848 and ending position of 852.
- 2) The Promissory Note Print Indicator (Field # 121, position 778 - 778) in the 2003-2004 Full Loan Origination Record and for Change Transmit # S083 is updated as follows:
  - a) O – Onsite (EDEXpress) is removed as a valid value since EDEXpress is using the Common Record layout in 2003-2004 and exporting to COD and importing from COD in XML.
  - b) V = COD Reprints and sends to school is added indicating where COD should send the reprinted MPN.
  - c) Z = COD Reprints and sends to borrower to indicate where COD should send the reprinted MPN.
  - d) The valid values for PLUS loans and subsidized/unsubsidized loans are:
    - S = COD Prints (Send to Borrower)
    - R = COD Prints (Return to School)
    - F = On-site (Custom System)
    - V = COD Reprints and sends to school #(Valid only on Loan Origination Change Records with Change Transmit # S083)

- Z = COD Reprints and sends to borrower (Valid only on Loan Origination Change Records with Change Transmit # S083)
- 3) The Disclosure Statement Print Indicator (Field #145, position 1014 to 1014) in the 2003-2004 Full Loan Origination Record and for Change Transmit # S115, is redefined for PLUS loans to accommodate the MPN.
- a) The valid values for PLUS loans and subsidized/unsubsidized loans are:
- Y = COD Prints
  - Blank = School Prints
  - Default = Y
  - Z = COD reprints (Valid only on Loan Origination Change Records with Change Transmit # S115)

*Note: See the Direct Loan Phase-In Participant Fixed-Length Record Layouts section of the 2003–2004 COD Technical Reference, Volume 4, Section 3 for the revised Full Loan Origination Record layout and change transmit numbers.*



## Modifications to the Full Loan Origination Acknowledgement

**2003–2004 Modifications:** The MPN fields on the Full Loan Origination Acknowledgement have been redefined to include all loan types, subsidized/unsubsidized loans and PLUS loans. Currently, the Full Loan Origination Acknowledgement defines all MPN fields for subsidized and unsubsidized loans only.

**Starting in 2003–2004,** the MPN fields on the Full Loan Origination Acknowledgement are valid and are returned for subsidized, unsubsidized and PLUS loans.

### Business Rules:

- 1) Starting in 2003-2004 and forward, the following fields have been redefined on the Full Loan Origination Acknowledgement (DIPF04OP) batch type PF, for PLUS loans:
  - MPN Status
  - MPN Indicator
  - MPN Type
- 2) For PLUS loans the MPN Status, Field #6 (position 64 to 64) , is returned on the Full Loan Origination Acknowledgement, batch type PF. The valid values are:
  - A = Accepted Master Promissory Note at COD
  - P = Master Promissory Note NOT on file at COD
  - I = Inactive
  - C = Closed
  - Q = Rejected
  - X = Pending Master Promissory Note at COD (A valid MPN is on file at COD but this loan record is rejected and was not linked to the note.)
- 3) For PLUS loans the MPN Indicator, Field #9 (position 90 to 90), is returned on the Full Loan Origination Acknowledgement, batch type PF. The valid values are:
  - Y = LOR has been linked to an MPN at COD
  - N = LOR is not linked to an MPN on file at COD

4) For PLUS loans the MPN Type, Field #7 (position 65 to 65), is returned on the Full Loan Origination Acknowledgement, batch type PF. The valid values are:

- “E” indicates electronic MPN
- Blank indicates paper MPN

*Note: See the Direct Loan Phase-In Participant Fixed-Length Record Layouts section of the 2003–2004 COD Technical Reference, Volume 4, Section 3 for the revised Full Loan Origination Record layout.*

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# Generating Disclosure Statement

## Modifications to the Disclosure Statement

**2003–2004 Modification:** Starting in 2003-2004 Disclosure Statements are generated for all Loan types (Subsidized, Unsubsidized and PLUS loans).

Currently, the Disclosure Statements is generated for subsidized /unsubsidized loans only.

**Starting in 2003–2004,** Disclosure Statements are generated for Subsidized, Unsubsidized and PLUS loans.

### ***Business Rules***

- 1) Starting in 2003-2004, Disclosure Statements must be provided to the student borrowers for subsidized/unsubsidized loans or parent borrower for PLUS loans before or at the time of the first disbursement.
- 2) There are two separate Disclosure Statements, a PLUS Disclosure Statement for Direct PLUS loans and a Disclosure Statement for Direct Subsidized/Unsubsidized loans. (Mockups of the Disclosure Statements will be provided in the 2003-2004 COD Technical Reference when available)
- 3) COD system does NOT print a Disclosure Statement when the School Option on the COD System is “COD Prints” and the Disclosure Statement Print Indicator on the Full Origination Record has a value of ‘blank’ (School prints and sends to borrower).
- 4) The COD System generates a Disclosure Statement 30 calendar days prior to the first anticipated disbursement date, unless the Origination or Change Origination Record indicates the school provides the Disclosure Statement
  - a) The COD system does NOT print a Disclosure Statement for a PLUS award until the award has an approved credit decision.
  - b) If the disbursement information is submitted to the COD System less than 30 calendar days before the first disbursement date, the Disclosure Statement is printed immediately - unless the Origination or Change Record indicates the school provides the Disclosure Statement.

- 5) The COD system prints and mails a Disclosure Statement for a PLUS award upon receipt of an approved credit decision if the 30-day criterion has passed, unless the Origination or Change Origination Record indicates the school provides the Disclosure Statement.
- a) If a school submits anticipated disbursements for a loan award to the COD System after the first disbursement is made, the school must provide the borrower with the Disclosure Statement before or at the time of the disbursement.

**Note:** In order for the COD System to generate a Disclosure Statement, anticipated disbursement information must be submitted and accepted by the COD System. If you wait and submit anticipated disbursement information seven (7) calendar days prior to the disbursement date, the Disclosure Statement will print seven (7) calendar days prior to the disbursement date.

**Example:** When a Disclosure Prints at COD based on receipt of anticipated disbursement information.

<b>Disb. Info Submitted</b>	<b>Date Disb. Info Submitted</b>	<b>Disb. Date</b>	<b>Disclosure Statement Generated by COD</b>
<b>More than 30 calendar days prior</b>	08-01-03	09-10-03	<b>08-12-03</b>
<b>30 calendar days prior</b>	08-12-03	09-10-03	<b>08-12-03</b>
<b>7 calendar days prior</b>	09-01-03	09-08-03	<b>09-01-03</b>
<b>On Disb. Date</b>	09-10-03	09-10-03	<b>09-10-03</b>

- 6) The COD system prints a Disclosure Statement only once for each borrower unless the school requests a reprint.
- a) To request a Disclosure Statement be reprinted, a school sends an Origination Change Record (DESC04IN) for Change Field Transmit Number S115 with a value of Z = COD reprints and sends to borrower or V = COD reprints and sends to school
- b) The COD system reprints and resends the Disclosure Statement to the borrower.

- c) The COD system does NOT automatically reprint Disclosure Statements when changes to the Award Amount, disbursement dates, or disbursement amounts are received.
  - d) When a Disclosure Statement is reprinted, the data printed on the statement is the current data in the COD system and may not match the original disclosure statement.
  - e) When reprinting a Disclosure Statement, the Plain Language Disclosure is also reprinted.
- 7) Disclosure Statements printed by a school must be printed on the approved Disclosure Statement form.
- a) When available, approved Disclosure Statement forms can be obtained for 2003-2004 by contacting COD School Relations.
  - b) When printing the Disclosure Statement, it is recommended to use Courier, 10 point, 12-pitch font.
  - c) If a school provides the Disclosure Statements, the Plain Language Disclosure Statement must be provided to a borrower when a subsequent loan is linked to a MPN.

**Example:** Printing Disclosure Statements is based on your School Options set in the COD system and Disclosure Statement Print Indicator submitted in the Loan Origination Record or Change Record

School Option set within COD System	Phase-In Participant: Disclosure Statement Print Indicator	COD System Prints
School prints	Blank (school prints)	NO
School prints	Y (COD prints) Z or V (reprint)	YES
COD prints	Blank (school prints)	NO
COD prints	Y (COD prints) Z or V (reprint)	YES

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# Credit Decision Override Acknowledgement

## Modifications to the Credit Decision Override Acknowledgement

**2003–2004 Modifications:** When a PLUS borrower requests a credit decision override or submits an Endorser Addendum, a Credit Decision Override Acknowledgement (DIPC04OP) is generated by the COD System and is sent to the school. This Acknowledgement provides the credit decision status of the override or endorser. The Credit Decision Override Acknowledgement is modified to accommodate the MPN for PLUS loans.

Currently, the Credit Decision Override Acknowledgement exists for the PLUS Promissory Note.

**Starting in 2003–2004,** to accommodate the PLUS MPN, additional MPN data elements and the Loan amount from the endorser addendum are being added to the Credit Decision Override Acknowledgment.

### ***Business Rules:***

- 1) A Credit Decision Override Acknowledgement is generated by the COD System and sent to a school to provide the status of a credit override or the credit decision results of an endorser.
- 2) Starting in 2003-2004 and forward, the following fields have been added to the Credit Decision Override Acknowledgement to accommodate the PLUS MPN.
  - a) MPN Status
  - b) MPN ID
  - c) MPN Indicator
  - d) MPN Type
  - e) Endorser Amount
- 3) Valid values for MPN Status (Field # 5, position 36 to 36) are:
  - R- MPN not on file at COD system
  - X- MPN on file at COD system is pending
  - A – Accepted MPN on file at COD system

- 4) Valid values for MPN ID (Field # 6, positions 37 to 57) are:
- Borrower's Social Security Number: 001010001–999999998
  - MPN Indicator = N for PLUS
  - School Code: X00000–X99999 where X = G or E
  - Loan Sequence Number: 001–999
  - Can Be Blank
- 5) Valid values for MPN Indicator (Field #8, position 59 to 59) are:
- Y = LOR has been linked to an MPN at COD
  - N = LOR is not linked to an MPN on file at COD
- 6) Valid Values for the MPN Type (Field #7, position 58 to 58) are:
- E = Electronic MPN
  - Blank = Paper MPN
- 7) The Endorser Amount (Loan Amount signed for by the Endorser on the Endorser Addendum) is added to the Credit Decision Override Acknowledgement as a 5-byte field (Field #4, positions 31 to 35).
- a) This field is numeric and can be greater than or equal to 0 for PLUS Loans only.

*Note: See the Direct Loan Phase-In Participant Fixed-Length Record Layouts section of the 2003–2004 COD Technical Reference, Volume 4, Section 3 for the revised Credit Decision Override Acknowledgement Record layout.*

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# Promissory Notes

## Modifications to the MPN Acknowledgement

**2003–2004 Modifications:** The MPN fields on the MPN/ Acknowledgement have been redefined to include all loan types, subsidized/unsubsidized loans and PLUS loans. In addition, the Loan Amount Requested field is removed and the PLUS Borrower SSN field is added.

Currently, the MPN/PLUS Promissory Note Acknowledgement defines all MPN fields for subsidized and unsubsidized loans only. In addition, the Loan Amount Requested is a field used to capture any adjusted loan amount made by the borrower on the PLUS Promissory Note.

**Starting in 2003–2004,** the MPN/PLUS Promissory Note Acknowledgement is now the MPN Acknowledgement. The MPN fields on the MPN Acknowledgement are valid and are returned for subsidized, unsubsidized and PLUS loans. The Loan Amount Requested field is removed since the PLUS MPN does not display a loan amount. The PLUS Borrower SSN field is added to indicate the current SSN of the Borrower that completed and signed the PLUS MPN.

### ***Business Rules:***

- 1) Starting in 2003-2004 and forward, the following fields have been redefined on the MPN Acknowledgement (DIPA04OP) batch type #A or PF, to include the MPN for PLUS loans:
  - MPN Status
  - PLUS Borrower SSN
  - MPN ID
  - MPN Type
- 2) For PLUS loans the MPN Status, Field #4 (position 53 to 53) is returned on the MPN Acknowledgement, batch type #A or PF. The valid values are:
  - A = Accepted
  - R = Rejected
  - X = Pending
- 3) For PLUS loans the PLUS Borrower MPN ID, Field # 6 (position 64 to 72) is returned on the MPN Acknowledgement, batch type #A or PF. The valid values are:



- PLUS Borrower's current Social Security Number: 001010001–999999998
  - Can be blank.
  - This field will always be blank for Subsidized and Unsubsidized MPNs
- 4) For PLUS loans the MPN ID, Field #8 (position 164 to 184), is returned on the MPN Acknowledgement, batch type #A or PF. The valid values are:
- Student's Social Security Number: 001010001–999999998 for Subsidized and Unsubsidized
  - MPN Indicator: M for 01 and forward  
Subsidized and  
Unsubsidized  
: S or U for 00  
Subsidized and  
Unsubsidized  
: N for PLUS for 04 and forward.
  - School Code: X00000–X99999 where X = G or E
  - Loan Sequence Number: 001–999
- 5) For PLUS loans the MPN Type, Field #10 (position 190 to 190), is returned on the MPN Acknowledgement, batch type PF. The valid values are:
- "E" indicates electronic MPN
  - Blank indicates paper MPN

*Note: See the Direct Loan Phase-In Participant Fixed-Length Record Layouts section of the 2003–2004 COD Technical Reference, Volume 4, Section 3 for the revised MPN Acknowledgement Record layout.*

## Master Promissory Notes

**2003-2004 Modifications:** The Master Promissory Note (MPN) was implemented in the 1999-2000 award year for Direct Subsidized (Sub) and Direct Unsubsidized (Unsub) Loans. The MPN for Direct PLUS Loans is implemented for award year 2003-2004 and forward.

Currently, all MPN processes and procedures apply to subsidized or unsubsidized loans.

**Starting in 2003-2004**, the Master Promissory Note (MPN) is the approved promissory note for Direct Subsidized and Unsubsidized Loans and PLUS loans for all schools. All MPN processes and procedures apply to all loan types.

### ***Business Rules for MPNs:***

- 1) The MPN is a legal document requiring a borrower to repay the funds borrowed under the Direct Loan Program.
- 2) No dollar amount is printed on an MPN by the school or COD.
- 3) The COD system processes paper and electronic MPNs for all loan types for award 2003-2004 and forward. There are two types of MPNs for 2003-2004; MPN for subsidized/unsubsidized and MPN for PLUS.

### **Business Rules Unique to PLUS MPN**

- 1) The PLUS MPN is to be used for PLUS processing for award year 2003-2004 and forward.
- 2) For 2003-2004 and forward, the 'Loan Amount Requested' field is removed from the Full Loan Origination Record, and the MPN Acknowledgement as this field supported the PLUS Promissory Note/Application for 2002-2003 and prior years.
- 3) The PLUS MPN is for one or more PLUS loans that one parent borrows for one student.
- 4) The parent borrower can have multiple PLUS MPNs on the COD system for the same or for different students for the same or subsequent academic years.

**For Example:** Parent James Smith has two students (Jack and Jill) attending school during the same award year (2003-2004). James Smith (father) signs a PLUS MPN for student Jack

Smith for 2003-2004 and James Smith (father) signs a separate PLUS MPN for student Jill Smith for 2003-2004.

- 5) A student can have multiple parents borrow a PLUS loan for the same or subsequent academic years.

**For Example:** Student Jack is attending school (2003-2004) and multiple parents are helping to fund his education. Jack's father, James Smith borrows a PLUS loan and signs an individual PLUS MPN for Jack Smith. In addition, Jack's stepfather, Robert Jones borrows a PLUS loan for Jack and signs a separate PLUS MPN.

Thus, there are two MPNs on the COD system associated with Jack for the same award year, 2003-2004, for different parent borrowers.

- 6) A parent borrower of a PLUS loan can also be a student borrower of a separate subsidized/unsubsidized loan.
- 7) The student associated on a PLUS loan cannot be the endorser for that same PLUS award. If the PLUS endorser has the same SSN as the student associated with the PLUS loan, the COD system rejects the loan.
- 8) The Loan Origination Change Reject Code 84 - Endorser and student cannot be the same person, is returned on the Loan Origination Acknowledgement or Change Acknowledgement.
- 9) The student associated on a PLUS loan cannot be the same person as the borrower for that same PLUS loan.
- If the PLUS borrower has the same SSN as the student associated with the PLUS loan, the COD system rejects the loan.
  - The Loan Origination Change Reject Code 83 - Borrower and student cannot be the same person, is returned on the Loan Origination Acknowledgement or Change Acknowledgement.
- 10) Once a PLUS borrower signs a PLUS MPN, the borrower authorizes the COD system to perform an initial credit check and future credit checks for awards made under that MPN, without requiring subsequent authorization. Thus, multiple credit decisions can be associated with one MPN.

- 11) The MPN data elements on the COD website are updated to display for PLUS loans. This includes a new data element, Endorser Amount.
- 12) An MPN must be printed by the school or COD and signed by the borrower before disbursing a PLUS loan.
- 13) An open MPN is valid for up to ten years from the date the MPN is received by the COD system or the first actual disbursement date for any associated loan award.
- 14) To close an MPN a student must provide a request in writing. Further information is provided in the section entitled *Closing MPNs* (This is discussed further in the section entitled Closing an MPN.)
- 15) Once an MPN is closed, no new loans can be linked to it. A new MPN must be generated if new loan awards are created. However, all disbursements and booking activities for the loans already linked to the closed MPN continue to be processed by the COD System.

## Master Promissory Note Features

**2003-2004 Modifications:** The Master Promissory Note features are updated to include PLUS loans. There is one MPN for Direct Subsidized and Direct Unsubsidized Loans and a separate MPN for Direct PLUS Loans.

Currently, MPN for subsidized or unsubsidized loans are processed using the multi-year feature and the single year feature.

**Starting in 2003-2004**, all MPNs are processed using the multi-year (MY), single-year (SY), or in the case of PLUS loans, single-loan (SL) feature. Each feature is discussed in more detail below.

### Multi-Year MPN Feature

The MY feature allows multiple loans for a borrower to be linked to the same MPN across schools and across academic years. All PLUS loans that a parent borrows on behalf of the same student will be linked to the same PLUS MPN.

Currently, the Multi-year (MY) feature of the MPN applies to all four-year and graduate/professional schools that are not subject to an emergency action or proposed or final limitation, suspension, or termination (LS &T) action.

**Starting in 2003-2004**, the U.S. Department of Education has expanded the authority for multi-year use of the Master Promissory Note (MPN) in the William D. Ford Federal Direct Loan (Direct Loan) and Federal Family Education Loan (FFEL) programs. Under the expanded authority, unless a school is specifically informed otherwise, all Direct Loan schools may allow their student borrowers (and their parent borrowers under the PLUS MPN) to receive loans for subsequent academic years based upon a previously signed MPN (even if that MPN was signed before the effective date of the expanded authority). For more information regarding eligibility for the MY MPN feature see the Dear Colleague Letter GEN-02-10 (November 2002).

### ***Business Rules:***

- 1) Starting in 2003-2004, the MY feature for an eligible school, as defined in the above paragraph, applies to all loan types (subsidized, unsubsidized and PLUS).

- 2) Starting in 2003-2004, the MY feature has been expanded to include Direct Loan schools that are not four-year colleges or graduate or professional schools.
  - a. The expanded authority for multi-year use of the MPN is effective beginning with any Direct Loan for the 2003-2004 year (a loan with an identification number that includes "04") that is processed after the COD system start up for the 2003-2004 award year.
- 3) Any Direct Loan school that is not a four-year college or graduate or professional school that would like to use the multi-year feature of the MPN beginning with the COD system start up for the 2003-2004 award year must inform COD School Relations Center by phone at 800/848-0978 or by e-mail at [CODSupport@acs-inc.com](mailto:CODSupport@acs-inc.com) by March 14, 2003
  - a. Any Direct Loan school that is not a four-year college or graduate or professional school does not inform the Department by March 14, 2003 that it would like to use the multi-year feature of the MPN will be identified in the COD System as using the single-year feature of the MPN for the purpose of linking loans for the 2003-2004 award year.
- 4) New schools to the Direct Loan program that are eligible for the MY feature under the expanded authority for multi-year use of the MPN will be defaulted to use the MY feature in the COD system
- 5) Multiple loans for a borrower are linked to the same MPN across schools and academic years.
- 6) A school using the MY feature can use any MPN accepted by the COD System (even if that MPN was signed before the effective date of the expanded authority for multi-year use of the MPN).
- 7) When processing 2002-2003 loan records and forward, COD is aware of open MPNs processed by the LOC for program years prior to 2002-2003.
- 8) Schools using the multi-year feature must have a confirmation process in place. For more details regarding confirmation process, refer to the Direct Loan School Guide, Chapter 6 at <http://www.ed.gov/DirectLoan/pubs/profpubs.html>.
- 9) The COD system allows schools eligible for the MY feature to opt between the MY feature and the Single-Year (SY feature).

## **School can Opt for Single-Year MPN Feature**

- 1) When a school opts to process MPNs using the MY or SY feature, the feature selected applies to all Direct Loans processed by the school, subsidized, unsubsidized and PLUS loans.

**For Example:** A school cannot process PLUS loans using the SY feature and subsidized/unsubsidized loans using the MY feature. All loans are processed using SY feature OR all loans are processed using the MY feature.

- 2) If an eligible school opts to change the MY/SY feature, the change applies only to MPNs received at COD after the change is processed on the COD system.
- 3) Awards received after the date the option is changed, link to an MPN using the newly selected option.
- 4) Schools must contact their CSR to change their SY/MY feature.

## **Single-Year MPN Feature**

The single-year (SY) MPN feature requires that a new MPN be completed for a student for each academic year. All schools NOT eligible to process MPNs using the MY feature, must use the SY feature. Schools eligible for the MY feature may opt to process MPNs using the SY feature as discussed in the previous section.

### ***Business Rules:***

- 1) The SY feature of the MPN is available to all schools.
- 2) All schools NOT eligible to process MPNs using the MY feature must use the SY feature. Therefore, the COD system does not allow these schools to change this processing feature.
- 3) Under the SY feature a new MPN must be generated each academic year for each student.
- 4) Schools processing MPNs using the SY feature must use an MPN generated at or for that school only.
- 5) Schools processing MPNs using the SY feature can link multiple subsidized and unsubsidized loans for the same academic year, for the same borrower, to the same MPN. Multiple PLUS loans for the same academic year, for the same borrower and student can be linked to the same MPN.
- 6) The academic year start and end dates must be the same on all loan records linked to a specific MPN under the SY feature.
- 7) When a school eligible for the MY feature opts to use the SY feature, the school may update their option by contacting their CSR.

## **Single-Loan MPN Feature (PLUS only)**

The single-loan (SL) MPN is an MPN linked to a PLUS loan that is accepted with an Endorser with an approved credit decision. Once an Endorser is associated with a PLUS loan, the MPN linked to that PLUS loan cannot be linked to any other loans even if the school processes MPNs using the MY feature.

### ***Business Rules:***

- 1) An MPN for a PLUS loan becomes an SL MPN under the following conditions:
  - a) An endorser is obtained because the borrower has received an adverse credit decision,
  - b) The award receives an approved credit decision for the endorser, and
  - c) The award is linked to the PLUS MPN.
- 2) When a PLUS Loan with an Endorser is linked to an MPN, the COD system returns an MPN Status of accepted on the Credit Decision Override Acknowledgement. However, this MPN is flagged by the COD system so that no further loans can be linked to this note.
- 3) Once an SL MPN is established, no other awards will be linked to that same MPN.
- 4) Once an SL MPN is established, all other pending and active PLUS MPNs for the borrower become inactive, including the SL MPN.
- 5) When a PLUS loan with an endorser is linked to an MPN, the MPN Status displayed on any future ISIRs will be Inactive.
- 6) If the borrower wants to borrow a subsequent PLUS loan a new MPN must be generated and signed.



## Master Promissory Note Printing Process

**2003-2004 Modifications:** The Master Promissory Note (MPN) printing process is either the responsibility of the school or the COD System. All notes printed for 2003-2004 loans are MPNs.

Currently, all MPNs are printed for subsidized or unsubsidized loans.

**Starting in 2003-2004**, the Master Promissory Note (MPN) is the approved promissory note for Direct Subsidized and Unsubsidized Loans and PLUS loans for all schools.

### ***Business Rules:***

- 1) Obtaining a signed MPN is either the responsibility of the school or the COD System.
- 2) The borrower can complete an e-MPN or a paper MPN.
- 3) A borrower completes an electronic MPN on the LO On-Line Application. When a borrower completes the e-MPN process, an MPN Acknowledgement is sent to the appropriate school.
- 4) When a school prints a MPN or has the COD System print a MPN and send the MPN to the school, the borrower returns the completed MPN to the school.
  - a) The school must send all completed MPNs to the following address: PO Box 5692, Montgomery AL 36103-5692
  - b) Upon receipt of paper MPNs, the notes are screened for completeness.
  - c) Incomplete MPNs are returned to the school for correction.
  - d) Accepted MPNs generate an MPN Acknowledgement to be sent to the school.
- 5) When COD prints a MPN and mails to the borrower, the borrower returns the completed MPN to COD. Upon receipt of an MPN, the COD System generates and sends an MPN Acknowledgement to the school.
- 6) Upon spring 2003 implementation, all MPNs printed by the COD system for all award years are to be printed using the new MPN text and format as cleared by OMB.

**Note:** For PLUS awards for award year 2002-2003, the COD system continues to print the PLUS Promissory Note.

- 7) The MPN for PLUS awards contains language-authorizing COD to perform an initial and subsequent credit checks for the PLUS borrower. Additional authorization is not required for subsequent credit checks.
- 8) No dollar amount is printed on the MPN.
- 9) An MPN ID is generated for each MPN and printed/displayed on the MPN. (See below for details of the Sub/Unsub and PLUS MPN ID.)
- 10) The COD system does not print an MPN if the award is linked to an existing MPN already on file at the COD system.
- 11) To request the reprinting of an MPN, a Change Record is sent using the Promissory Note Print Indicator (change transaction # S083).
- 12) A reprinted MPN can either be sent to the borrower or to the school.
  - a) V = Reprint, send to borrower
  - b) Z = Reprint, send to school

### ***Business Rules Specific to Printing the Subsidized/Unsubsidized MPN***

- 1) The subsidized/unsubsidized MPN is printed for all subsidized/unsubsidized loans for award year 1999-2000 and forward.
- 2) The subsidized/unsubsidized MPN ID is 21 characters. A subsidized/unsubsidized MPN ID contains a 'M' in the 10<sup>th</sup> position. The components for the subsidized/unsubsidized MPN ID are:
  - a) Student's Social Security Number: 001010001-999999998
  - b) MPN Indicator: M

**Note:** S or U were used for MPN Indicators for 1999-2000, but is no longer valid for printing new MPNs.

- c) Award Year: 03 and forward

**Note:** When generating the MPN ID the COD system increments the program year in the MPN ID one each year. For all MPN IDs created after Spring 2003 implementation the program year in the MPN ID is 04.

- d) Direct Loan School Code: X00000–X99999 where X = G or E.
  - e) Loan Sequence Number: 001–999
- 3) The COD system prints a ‘M’ in the 10th position of the subsidized/unsubsidized MPN ID.
  - 4) The MPN ID is used by the COD System to identify which subsidized/unsubsidized loans are linked to a loan.
  - 5) Schools printing Promissory Notes can either:
    - a) Print using the appropriate approved form or
    - b) Print all text including data and data labels using the same format and wording as the form provided by the Department of Education.

**Note:** Schools printing all text must have the format approved by FSA. For more information on the approval process contact COD School Relations.

- 6) To obtain approved Master Promissory Note forms contact Customer Service.
- 7) When printing Promissory Notes, it is recommended to use Courier, 10 point, 12 pitch font.
- 8) When mailing the MPN, a number 10-business window envelope is recommended.
- 9) MPN print specifications are provided in Volume VII, Section 3 – Print Specifications and Forms.

### ***Business Rules Specific to printing the PLUS MPN***

- 1) The PLUS MPN prints for all PLUS loans for award year 2003-2004 and forward.
- 2) The PLUS MPN ID is a 21-character ID. A PLUS MPN ID contains a ‘N’ in the 10th position. The components for the PLUS MPN ID are:
  - Student’s Social Security Number: 001010001–999999998

- MPN Indicator: N
- Award Year: 04 and forward
- Direct Loan School Code: X00000–X99999 where X = G or E.
- Loan Sequence Number: 001–999

- 3) The COD system prints a ‘N’ in the 10th position of the PLUS MPN ID.
- 4) The MPN ID is used by the COD System to identify which PLUS awards are linked to an MPN.

## Linking an MPN

**2003-2004 Modifications:** The Master Promissory Note (MPN) for a PLUS loan is linked to PLUS Loans (Loan Origination Record). The Master Promissory Note (MPN) for subsidize/unsubsidized loans is linked to subsidized and unsubsidized loans (origination record).

Currently, all MPNs are linked to subsidized or unsubsidized loans.

**Starting in 2003-2004**, the Master Promissory Note (MPN) is the approved promissory note for Direct Subsidized and Unsubsidized Loans and PLUS loans for all schools. Therefore, PLUS loans link to MPNs for PLUS loans and subsidized and unsubsidized loans link to MPNs for subsidized or unsubsidized loans.

### ***Business Rules:***

- 1) When linking a loan to an MPN, if multiple valid MPNs exist for a borrower, the loan is linked to the MPN with the greatest expiration date.
- 2) The COD Website displays the MPN expiration date to assist schools in determining if the borrower has an active MPN available on the COD system.
- 3) The COD Website displays the Expiration Date for MPNs.

## ***Business Rules Specific to Linking the Sub/Unsub MPN***

- 1) The COD system links an accepted subsidized/unsubsidized loan to a valid MPN using the following **student** data elements:
  - Current SSN,
  - Date of Birth and
  - First two characters of the first name or the first two characters of the last name if the first name is blank.
- 2) When a subsidized/unsubsidized loan is accepted and a valid MPN is already on file and the criteria in business rule 1.0 is met, the MPN and award are linked.
  - a) The MPN Status, MPN Indicator, and MPN Type are generated on a Full Subsidized/Unsubsidized Origination Acknowledgement.
- 3) When a subsidized/unsubsidized Loan is accepted and no valid MPN is on file, the loan is not linked.
- 4) When an MPN is received and an accepted subsidized/unsubsidized loan is already on file and not yet linked to an MPN and the criteria in business rule 1.0 is met, the MPN and the loan are linked.
  - a) The MPN Status, MPN ID and MPN Type are on the **MPN Acknowledgement** for the subsidized/unsubsidized loan.
- 5) When an MPN is received and no accepted subsidized/unsubsidized loan is already on file, the MPN is not linked and an MPN is generated.
- 6) The COD system allows a maximum of twenty disbursements for each subsidized/unsubsidized loan.

## ***Business Rules Specific to Linking the PLUS MPN***

- 1) The COD system links an accepted PLUS loan to a valid MPN using the following borrower (parent) **and** student data elements:
  - Current SSN,
  - Date of Birth and
  - First two characters of the first name or the first two characters of the last name if the first name is blank.
- 2) When a PLUS loan with a positive credit decision is accepted and a valid PLUS MPN is already on file and the criteria in business rule 1.0 is met, the PLUS MPN and PLUS loan are linked.
  - a) The MPN Status, MPN Indicator, and MPN Type are on a **Full PLUS Origination Acknowledgement** for the PLUS loan.
- 3) When a positive credit decision is received for an Endorser and an accepted PLUS loan and accepted MPN (one that is not yet linked to any awards and meets the criteria of business rule 1.0) is already on file, the PLUS loan is linked to the PLUS MPN and the PLUS MPN becomes a Single-Loan MPN.
- 4) A Single-Loan MPN is linked to only one PLUS loan (the PLUS loan with the endorser).
  - a) When a credit decision is overridden or an Endorser's credit is ok, the PLUS MPN Status, MPN Indicator, MPN ID, MPN Type and Endorser Amount are sent to the school on a **PLUS Credit Decision Override Acknowledgement** and an MPN Acknowledgement is not generated.
- 5) When a PLUS MPN is received and an accepted award with a positive credit decision is already on file and not yet linked to an MPN and meets the criteria in linking business rule 1), the PLUS MPN and the PLUS loan are linked.
  - a) The MPN Status, MPN ID, and MPN Type are sent to the school on a **MPN Acknowledgement**.
- 6) The COD system allows a maximum of four disbursements for each PLUS loan.

## ***Multi-Year (MY) Feature Linking Business Rules***

- 1) The MY feature allows multiple loans for different academic years from the same or different multi-year schools to link to the same MPN.
- 2) The COD system applies the MY feature only to schools eligible for the MY feature.
- 3) When the borrower has more than one MPN on file with the same expiration date, the COD system links incoming loans to the MPN with the latest received date by the COD system (when the receive dates are different).
- 4) The COD system links the loans to the MPN only if the Loan Period Start Date on the loan is prior to or equal to the MPN expiration date.
- 5) An inactive or closed MPN is no longer eligible for processing. This means no other loans can be linked to the MPN once it is inactive or closed.
- 6) The exception to this rule would be if a loan is received with a Loan Period Start Date prior to the MPN expiration date and the loan is NOT inactive due to a pending bankruptcy discharge or an unauthorized signature discharge. Then, the award is linked to the MPN; however, the MPN remains inactive.
- 7) For subsidized/unsubsidized loans, the COD system must match the following **student data elements** to the same data elements on the MPN:
  - Social Security Number (SSN),
  - Date of Birth (DOB) and
  - 1st two characters of the first name or if no first name, the first two characters of the last name.
- 8) For PLUS loan, the COD system must match the following **borrower (parent) data elements** to the same data elements on the PLUS MPN:
  - Social Security Number (SSN),
  - Date of Birth (DOB) and

- 1<sup>st</sup> two characters of the first name or if no first name, the first two characters of the last name.
- 9) For PLUS loans, the COD system must also match the following **student data elements** to the same fields on the PLUS MPN:
- Student's Social Security Number (SSN),
  - Date of Birth (DOB) and
  - 1<sup>st</sup> two characters of the first name or if no first name, the first two characters of the last name.
- 10) The COD system must have a positive credit check decision for the borrower or endorser before the loan is linked to the PLUS MPN.
- a) If the credit decision for a PLUS loan is pending or denied, the MPN Status on the Full Origination Acknowledgement equals 'MPN not on file' even when there is a valid MPN on file at COD.
  - b) If the credit decision for a PLUS loan is accepted, the MPN Status on the Full Origination Acknowledgement is either 'MPN on file' or 'MPN not on file' depending on whether there is a valid MPN on file at COD.
- 11) An MPN linked to a PLUS loan with an accepted endorser becomes a 'single loan' MPN and is flagged as such in the COD system. A PLUS MPN flagged as a 'single loan' MPN can only be linked to the one PLUS loan.

### ***Single-Year (SY) Feature Linking Business Rules***

- 1) The SY feature allows one or more PLUS loans with the same academic year start and end dates from the same school to link to the same PLUS MPN.
- a) PLUS loans from the same school with different academic years may not be linked to the same PLUS MPN.



- 2) The SY feature allows one or more subsidized and unsubsidized loans with the same academic year start and end date from the same school to link to the same MPN.
- 3) Subsidized/Unsubsidized loans from the same school with different academic years may not be linked to the same MPN.
- 4) The COD system must match the Direct Loan School Code on the loan origination with the school code in the 21-character MPN ID.
- 5) For the purpose of linking, the COD system establishes the academic year period used for an MPN to be the academic year start and end dates of the first loan linked to the MPN.
- 6) The COD system links subsequent loans to the MPN if the academic year start and end dates are the same as those of the first award linked to the MPN.
- 7) For subsidized/unsubsidized loans, the COD system must match the following **student data elements** to the same fields on the subsidized/unsubsidized MPN:
  - Student's Social Security Number (SSN),
  - Date of Birth (DOB) and
  - 1st two characters of the first name or the 1st two characters of the last name if the first name is blank.
- 8) For PLUS awards, the COD system must match the following parent borrower data elements to the same fields on the PLUS MPN:
  - Parent borrower's Social Security Number (SSN),
  - Date of Birth (DOB) and
  - 1st two characters of the first name or the 1st two characters of the last name if the first name is blank.
- 9) For PLUS awards, the COD system must match the following student data elements to the same fields on the PLUS MPN:
  - Student's Social Security Number (SSN),

- Date of Birth (DOB) and
- 1<sup>st</sup> two characters of the first name or the 1<sup>st</sup> two characters of the last name if the first name is blank.

### ***Single-Loan MPN Linking Business Rules (for PLUS only)***

- 1) A PLUS MPN becomes a single-loan MPN under the following conditions:
  - The PLUS MPN has no other loans linked to it,
  - An endorser is obtained because the borrower has received an adverse credit decision,
  - The award receives an approved credit decision for the endorser, and
  - The PLUS loan is linked to the PLUS MPN.
- 2) Once a single-loan MPN is established, no other loans are linked to that same MPN.
- 3) Once a single-loan MPN is established, all other pending and active PLUS MPNs for the borrower become inactive, including the SL MPN. Thus, if the borrower wants to borrow a subsequent PLUS loan a new MPN must be generated and signed.
- 4) The COD system rejects any increases to the Loan Amount Approved that exceed the endorser amount on the award linked to a single-loan MPN since the endorser is responsible for no more than the endorser amount on the Endorser Addendum.
- 5) On a PLUS loan linked to a single-loan MPN, the award amount can be decreased.
 

**Note:** Once a PLUS loan is linked to a single-loan MPN, the COD system must receive a new PLUS MPN and a new award, provided all other linking criteria are satisfied, in order to accept an increase to the amount the parent wants to borrow.
- 6) The COD system sends to the PLUS borrower with a denied credit decision, an Endorser Addendum and a new PLUS MPN unless a pending PLUS MPN is on file. (A pending MPN is one that is not yet linked to an award.)
- 7) The receipt of the Endorser Addendum by the COD system results in a credit decision to be made by the Endorser.

- 8) Once a credit decision is made and is approved the PLUS loan can be linked to MPN.
- 9) After a positive credit decision has been received by the endorser, the PLUS loan is linked to an MPN with no other loans linked to it and becomes a single-loan MPN.
- 10) The expiration date for a single-loan MPN is the date that the MPN is assigned the single-loan flag in the COD system.
- 11) The COD system rejects with Disbursement Reject Code 25 If the total actual gross disbursement amount is greater than the Loan Amount Approved or the Endorser Amount for a PLUS loan, the COD system rejects with Disbursement Reject Code 25.`

## Calculating MPN Expiration Date

**2003–2004 Modifications:** The COD system calculates the MPN expiration date for all MPNs processed on or after 2003-2004 the spring Implementation. Currently, the first anticipated disbursement date is used in the MPN Expiration Date.

Starting in 2003-2004, the first anticipated disbursement date is no longer used in the calculator. Instead, the expiration date calculation uses the date the MPN is reviewed by the COD system based on changes to the MPN expiration date regulations.

### ***Business Rules:***

- 1) For a pending MPN (one that does not yet have a loan linked to it), the expiration date is calculated as the date the MPN is received by COD for processing plus 1 year.
- 2) For an MPN that has been linked but has no loan with an accepted actual disbursement, the expiration date is calculated as the date the MPN is received by COD for processing plus 1 year.
- 3) For an MPN that has been linked and has at least one loan with an accepted actual disbursement, the expiration date is calculated as the date the MPN is received by COD for processing plus 10 years.
- 4) The COD system accepts an Actual Disbursement for any loan linked to an MPN even if the MPN has expired only when the following two conditions are met:
  - a) The award is already linked to the MPN **and**
  - b) The disbursement successfully passes all other disbursement edits for being accepted by the COD system.
- 5) If the accepted disbursement is the first actual disbursement under the MPN and the date of that disbursement is on or before the MPN expiration date, the MPN expiration date is recalculated using the date the MPN was received at COD for processing plus 10 years and the MPN is reactivated (Accepted Status).
- 6) If the accepted disbursement is the first actual disbursement under the MPN and the date of that disbursement is after the MPN expiration date, the MPN expiration date remains unchanged and the MPN status remains inactive.

- 7) If an accepted subsequent disbursement is not the first actual disbursement under the MPN, the MPN expiration date remains unchanged and the MPN status stays the same.

## Closing MPN's

**2003–2004 Modifications:** To close an MPN (Sub/Unsub or PLUS) a borrower may contact the Direct Loan Servicing Center. The borrower must put their request in writing.

### ***Business Rules:***

- 1) Upon receipt of a written request from the borrower:
  - a) Servicing passes the request to COD Customer Service to manually close an MPN via the COD website.
  - b) When an MPN is closed, Customer Service requests that a confirmation letter be sent to the borrower.
  - c) No new awards can be linked to a closed MPN.
  - d) Awards that are already linked to a closed MPN can continue to use that MPN for the disbursement processing.
- 2) If a school receives a written request from a borrower to close a MPN, the written request should be forward to COD Customer Service.
- 3) A closed MPN is reopened by the COD system only if the MPN was closed in error by COD.
- 4) An MPN that is reopened goes back to the MPN Status to which the note was assigned prior to being closed.

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## Reports

### **DL SAS School Account Statement (SAS) Report**

*See Volume VIII, Section 8 – COD Reports*

### **30-Day Warning Reports**

*See Volume VIII, Section 8 – COD Reports*

### **Pending Disbursement List Report**

*See Volume VIII, Section 8 – COD Reports*

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## Data Recovery

### **Requesting the Direct Loan Rebuild File**

*See Volume VIII, Section 8 – COD Reports*

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## Entrance Counseling

### **Providing Entrance Counseling Results**

*See Volume VIII, Section 8 – COD Reports*

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## Exit Counseling

### **Providing Exit Counseling Results**

*See Volume VIII, Section 8 – COD Reports*

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# Request Direct Loan Batches to be Re-sent from COD

## Resending Acknowledgements

The COD Website provides the ability for users to request that an acknowledgement for any batch (including system generated batches) be resent to a school's SAIG mailbox.

### ***Business Rules:***

- 1) The Batch Detail screen on the COD website provides the ability for authorized users to request that an acknowledgement for any batch type be re-sent to the school's SAIG mailbox.
- 2) This capability applies to batches submitted via batch or web processing.



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## COD Website – Concurrent Award Year

### Displaying Concurrent Award Years on COD Website

**2003-2004 Modification:** In award year 2002-2003, the COD website provided the ability to view person, award, disbursement, and batch data for the current award year. Starting in award year 2003-2004, the COD website provides the ability to view data for the current and prior award years. The COD website allows users to filter searches and view data based on a specific award year.

***Business Rules:***

- 1) The COD website provides the ability to use award year as a selection criteria when displaying data.